

Star BUSINESS

2022

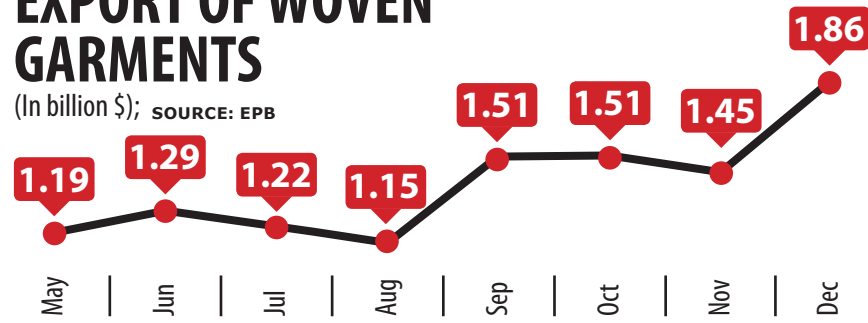
Together, Let's Leave A Mark This Year!

Prime Bank



EXPORT OF WOVEN GARMENTS

(In billion \$); SOURCE: EPB



Why WOVEN Exports rose

Economies in Europe and US reopened
Demand for formal dresses going up
Work orders are increasingly shifting to Bangladesh

RMG SHIPMENT AT A GLANCE

Woven shipment rebounded stunningly

Woven export was 10% negative in the last 18 months

Orders shifting from China, Vietnam, India and Pakistan to Bangladesh

Exporters expect even higher shipment in 2022

Knitwear maintained steady growth during pandemic

High raw materials prices and freight charge eating up profit

Omicron is a potential threat to garment export to the West

WOVEN GARMENT EXPORT makes a strong comeback

REFAYET ULLAH MIRDHA

The stunning rebound of woven garment export after one and a half years helped lift merchandise shipment from Bangladesh in the just-concluded year, helped by rising demand and inflow of increased orders.

With the improvement of the Covid-19 scenario worldwide, which prompted people to return to work and take part in formal events, the woven shipment began recovering from August after going through more than 10 per cent negative growth months after months for 18 months.

In August, woven exporters fetched \$1.15 billion, registering 4.48 per cent year-on-year growth.

December's receipts were even better as Bangladesh broke records after bringing home \$1.86 billion, the highest in a single month and up 48.17 per cent year-on-year, according to data from the Export Promotion Bureau yesterday.

What is more, woven shipment grew to \$8.74 billion in the second half of 2021, an increase of 24.50 per cent compared to the same period a year ago.

Desh Garments, the country's oldest garment factory, which mainly ships woven shirts, had nearly 75 per cent of its business non-existent up to June last year since the beginning of Covid-19 in 2020 as international retailers and brands were not placing adequate orders as demand plummeted.

The shipment started picking up gradually from June with the reopening of the economies worldwide. And at the end of 2021, the export receipts of the company from

director of Desh Garments. Shahidullah Azim, managing director of Classic Fashion, which makes woven shirts and trousers, says international retailers and brands are placing a lot of work orders for woven items.

However, since the local weavers can supply only 40 per cent raw materials for woven garments, manufacturers have to rely on Chinese suppliers for the rest of the fabrics.

"Any disruption to Chinese supply chain may severely affect Bangladesh's garment

With the improvement of the Covid scenario worldwide, the woven shipment began recovering from August after going through more than 10 per cent negative growth for 18 months

Another challenge is abnormal hike of freight charge, which increased as high as 500 per cent.

"If the freight charge does not come down, garment manufacturers' profit margin will fall further," Hassan said.

The price of raw materials such as yarn surged in 2021, affecting the garment shipment.

"The higher raw material prices and the abnormal freight charge may hurt the garment shipment in 2022 as well," Hassan warned.

Knitwear export maintained more than 15 per cent growth during the peak of Covid-19 as people were confined to homes in many countries because of stay-at-home orders.

Fazlul Hoque, managing director of Plummy Fashions Ltd, one of the greenest garment factories in the world that mainly produces knitwear items, witnessed 30 per cent growth in 2021 compared to 2020 as the international retailers and brands placed more work orders in his factory.

"I am expecting the growth to continue in 2022 as I have bagged more work orders from my buyers," he said.

Europe and the US, also the two main overseas markets of Bangladesh.

She is also not happy with European and US buyers' demanding discounts on the excuse of fallouts of Covid-19.

Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association, is hopeful about the continuation of the current pace of exports.

"Work orders were not cancelled or suspended because of Omicron yet, but still it is a matter of worries for us as European and American buyers, retailers and brands may shut their outlets if the situation worsens."

the shipment of woven shirts witnessed 60 per cent growth.

"The prospect for 2022 is bright as buyers are placing orders with local manufacturers in higher numbers," said Vidya Amrit Khan, deputy managing

shipment. So, local garment manufacturers need to strengthen their capacity in the woven sector."

Khan is a bit worried about the spread of the new variant of Covid-19, Omicron, in her main export destinations in



IFIC Bank to sell entire stake in Nepal lender

AKM ZAMIR UDDIN

IFIC Bank is set to sell its more than 40 per cent stake in a Nepalese bank as it no longer sees its business in the Himalayan Kingdom viable.

Nabil Bank, a private lender in Nepal, will acquire Nepal Bangladesh Bank Ltd (NBBL) where IFIC Bank holds 40.41 per cent stake.

IFIC Bank has already taken decision to sell the stake to withdraw its investment.

The bank has commenced negotiation to sell its entire shares of NBBL, according to a regulatory filing by IFIC Bank on the website of the Dhaka Stock Exchange (DSE) yesterday.

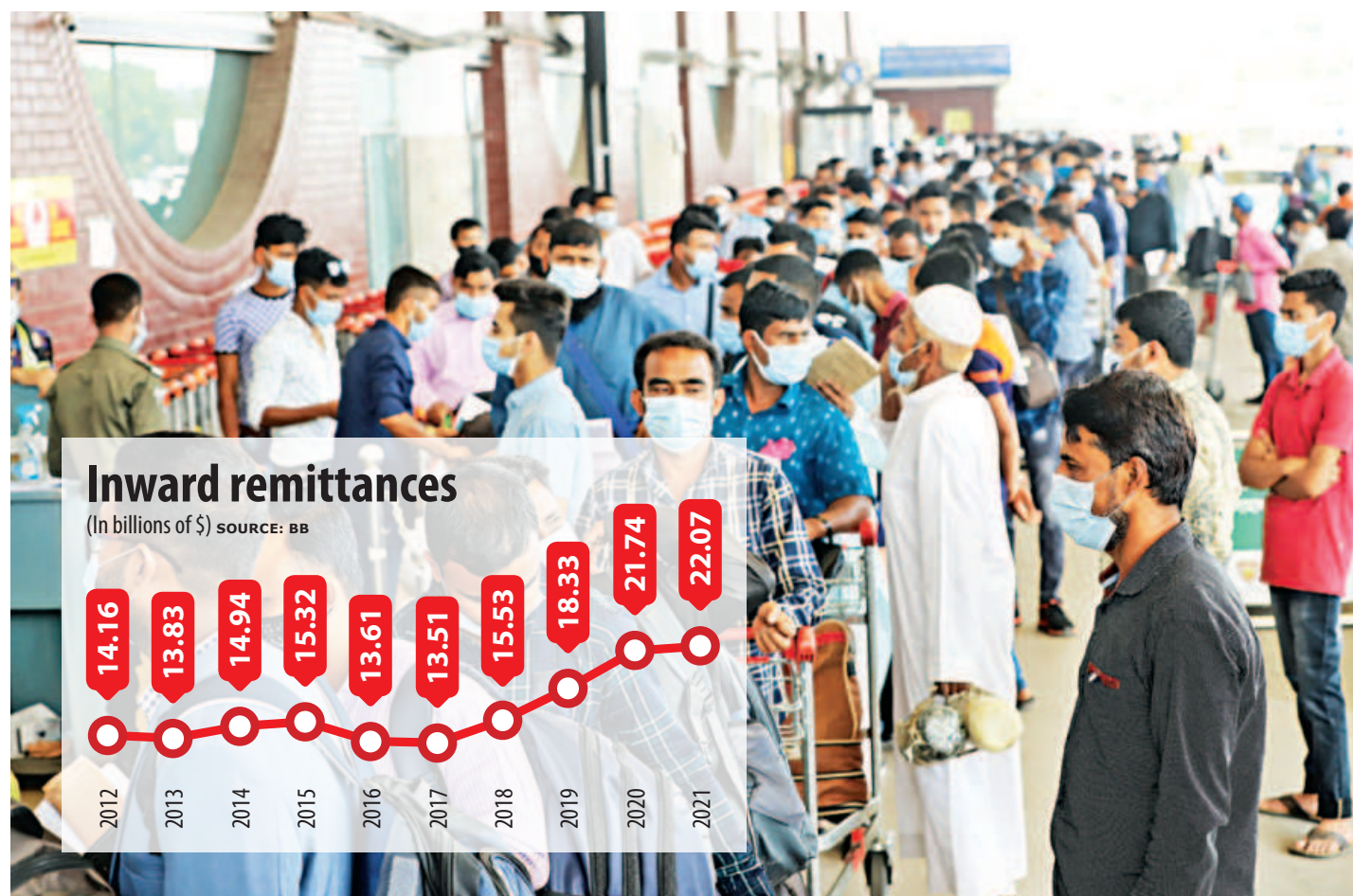
A memorandum of understanding has been signed in this regard with a prospective buyer, it said. IFIC holds around 4.12 crore shares at NBBL.

Binod Chaudhary, the founding investor of Nabil Bank, will buy the shares of IFIC Bank, according to media reports in Nepal. A joint merger committee has been formed to complete the merger of the two banks.

Chaudhary, the richest man in Nepal as well as the first billionaire in the country, will buy the shares after the merger deal.

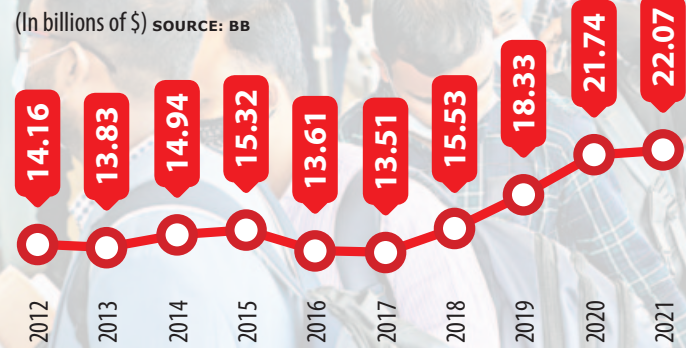
The MoU was signed on December 29, and two separate meetings were held at IFIC Bank and NBBL a day later. A number of officials of IFIC Bank said their investment was not viable. They, however, gave no reasons.

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Inward remittances

(In billions of \$) SOURCE: BB



Migrants queue outside Hazrat Shahjalal International Airport in the capital for their flights following the easing of lockdowns in the middle of last year. Manpower export has increased recently, which will play a positive role in pushing up remittance in the days ahead, an expert said.

Export hits fresh peak

REFAYET ULLAH MIRDHA

Export earnings hit a new record in December as manufacturers fetched almost \$5 billion, backed by the surge in demand from international retailers in Europe and the US.

Last month's earnings were 48.27 per cent higher year-on-year as exporters raked in \$4.9 billion. It was \$3.3 billion in the same month in 2020, according to data from the Export Promotion Bureau yesterday.

December's receipts surpassed the previous single month highest export of \$4.72 billion in October last year.

Thanks to the robust export earnings, overall exports grew 32 per cent year-on-year to \$44.22 billion in 2021 from \$33.6 billion in 2020.

Exporters are setting fresh records almost every month because of the higher shipment of goods, especially garment items, thanks to the reopening of western economies following the improvement of the Covid-19 situation.

Exporters attribute the government's bold decision to allow factories to run during the peak of the pandemic for the significant rise in the shipment as many factories around the world were shut.

EPB data showed earnings grew 28.41 per cent to \$24.69 billion between July and December, the first six months of the current fiscal year.

Garment shipment rose 28.02 per cent to \$19.9 billion. Of the sum, \$11.16 billion came from knitwear sales, up 30.91 per cent, and \$8.73 billion from woven items, an increase of 24.50 per cent.

"The upward trend of garment export will continue up to June this year as we have received plenty of orders," said Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association.

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STOCKS	
DSEX ▲	CSCX ▼
1.42%	1.97%
6,853.13	12,046.74

COMMODITIES	
Gold ▲	Oil ▼
\$1,815.77	\$75.35
(per ounce)	(per barrel)

CURRENCIES				
BUY TK	84.85	95.43	113.97	13.11
SELL TK	85.85	99.23	117.77	13.78

ASIAN MARKETS			
MUMBAI ▲	TOKYO ▼	SINGAPORE ▼	SHANGHAI ▲
0.80%	0.40%	0.09%	0.57%
58,253.82	28,791.71	3,123.68	3,639.78

Remittance up slightly

STAR BUSINESS REPORT

Remittance inflow made a slight year-on-year increase in the just concluded year in spite of the flow being slow in the last couple of months.

Expatriate Bangladeshis sent \$22.07 billion last year, up 1.52 per cent year-on-year, according to data from Bangladesh Bank.

But experts said there was no scope for complacency as remittance recorded a substantial decline in recent months.

Remittances narrowed 21 per cent year-on-year to \$10.23 billion in the second half of 2021.

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, said the slight increase last year did not reflect the actual scenario.

Declining trend of remittances is a normal phenomenon given the opening of the global economy, he said.

The global economy

PHOTO: STAR/FILE

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